



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0271	Title:	Revise license plate fee laws
Primary Sponsor:	Reinhart, Michele	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$25,600	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$308)	(\$615)	(\$615)	(\$615)
State Special Revenue	(\$35)	(\$70)	(\$70)	(\$70)
Net Impact-General Fund Balance	<u>(\$25,908)</u>	<u>(\$615)</u>	<u>(\$615)</u>	<u>(\$615)</u>

Description of fiscal impact:

General fund revenue would decrease an estimated \$305 in FY 2010 and \$605 annually thereafter and state special revenue would decrease \$35 in FY 2010 and \$70 annually thereafter for MHP officer exemptions for plate fees. The Department of Justice will also incur costs to modify its computer system to comply with the bill.

HB 271 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

FISCAL ANALYSIS

Assumptions:

1. It is assumed there are 234 Montana Highway Patrol (MHP) officers employed by the Department of Justice.
2. At FYE 2008, there were 738,982 licensed drivers in Montana and 1,620,064 registered motor vehicles (including trailers, boats, and snowmobiles) for an average of 2.19 vehicles per licensed driver.
3. Assuming the same ratio would apply to the 234 MHP officers in Montana, it is estimated that 512 motor vehicles registered in Montana are owned by MHP officers [234 officers * 2.19 vehicles per licensed driver = 512 motor vehicles].
4. It is assumed the distribution of plates for MHP officers mirrors the statewide distribution, therefore, 10.6% are sponsored specialty, 1.3% are collegiate, 6.8% are personalized, 1.3% are veterans, and 80% are standard.
5. Applying assumption #3, the estimated 512 MHP officer vehicles would be registered as follows:
 - a. Specialty plates = 54 [512 vehicles * 10.6% = 54],
 - b. Collegiate = 7 [512 vehicles * 1.3% = 7],
 - c. Personalized = 35 [512 vehicles * 6.8% = 35],
 - d. Veteran = 7 [512 vehicles * 1.3% = 7], and
 - e. Standard plates = 409 [512 vehicles * 80% = 409].
6. It is assumed that 9% of plates in each category will be replaced each year. Therefore, the number replaced annually in each category is as follows:
 - a. Specialty plates = 5 [54 plates * 9% = 5],
 - b. Collegiate = 1 [7 plates * 9% = 1],
 - c. Personalized = 3 [35 plates * 9% = 3],
 - d. Veteran = 1 [7 plates * 1.3% = 1], and
 - e. Standard plates = 37 [409 plates * 9% = 37].
7. It is estimated annual revenues for general fund would decrease \$615.00 total. The amount in each plate category as follows:
 - a. Specialty plates = \$25.00 [5 plates * \$5.00 fee = \$25.00],
 - b. Collegiate = \$5.00 [1 plate * \$5.00 fee = \$5.00],
 - c. Personalized = \$395.00 [(3 new plates * \$25.00 fee = \$75.00) + ((35 – 3 = 32) * \$10.00 fee = \$320) = \$395],
 - d. Veteran = \$5.00 [1 plate * \$5.00 fee = \$5.00], and
 - e. Standard plates = \$185.00 [37 plates * \$5.00 fee = \$185.00].
8. Under section 7 of HB 271, it is estimated annual revenues for the veterans cemetery state special revenue account would decrease by \$70 [7 plates * \$10.00 = \$70.00].
9. Because HB 271 is effective January 1, 2010, the revenue impact for FY 2010 would be half of the annual estimates [\$615 * 0.5 year = \$307.50].
10. Because fee exemptions are hard-coded in the Montana Enhanced Registration and Licensing Information Network (MERLIN) application, a new document type will be required to associate with this exemption. Thorough testing of MERLIN will be required to make sure that the correct exemptions are backed out and the correct accounts credited.
11. The MERLIN system configuration and testing will be contracted by Justice Information Technology Services Division to its contractor. It will cost approximately \$25,600.00 in FY 2010.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$25,600	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$25,600	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$308)	(\$615)	(\$615)	(\$615)
State Special Revenue (02)	<u>(\$35)</u>	<u>(\$70)</u>	<u>(\$70)</u>	<u>(\$70)</u>
TOTAL Revenues	<u><u>(\$343)</u></u>	<u><u>(\$685)</u></u>	<u><u>(\$685)</u></u>	<u><u>(\$685)</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$25,908)	(\$615)	(\$615)	(\$615)
State Special Revenue (02)	(\$35)	(\$70)	(\$70)	(\$70)

Effect on County or Other Local Revenues or Expenditures:

- Counties may experience a small decrease in revenues for the county portion of initial specialty plate administration fee.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date